

215 ILCS 5/456

Sec. 456. Making of rates. (1) All rates shall be made in accordance with the following provisions:

(a) Due consideration shall be given to past and prospective loss experience within and outside this state, to catastrophe hazards, if any, to a reasonable margin for profit and contingencies, to dividends, savings or unabsorbed premium deposits allowed or returned by companies to their policyholders, members or subscribers, to past and prospective expenses both countrywide and those specially applicable to this state, to underwriting practice and judgment and to all other relevant factors within and outside this state;

(b) The systems of expense provisions included in the rates for use by any company or group of companies may differ from those of other companies or groups of companies to reflect the requirements of the operating methods of any such company or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof for which subdivision or combination separate expense provisions are applicable;

(c) Risks may be grouped by classifications for the establishment of rates and minimum premiums. Classification rates may be modified to produce rates for individual risks in accordance with rating plans which measure variation in hazards or expense provisions, or both. Such rating plans may measure any differences among risks that have a probable effect upon losses or expenses;

(d) Rates shall not be excessive, inadequate or unfairly discriminatory.

A rate in a competitive market is not excessive. A rate in a noncompetitive market is excessive if it is likely to produce a long run profit that is unreasonably high for the insurance provided or if expenses are unreasonably high in relation to the services rendered.

A rate is not inadequate unless such rate is clearly insufficient to sustain projected losses and expenses in the class of business to which it applies and the use of such rate has or, if continued, will have the effect of substantially lessening competition or the tendency to create monopoly in any market.

Unfair discrimination exists if, after allowing for practical limitations, price differentials fail to reflect equitably the differences in expected losses and expenses. A rate is not unfairly discriminatory because different premiums result for policyholders with like exposures but different expenses, or like expenses but different loss exposures, so long as the rate reflects the differences with reasonable accuracy.

(e) The rating plan shall contain a mandatory offer of a deductible applicable only to the medical benefit under the Workers' Compensation Act. Such deductible offer shall be in a minimum amount of at least \$1,000 per accident.

(f) Any rating plan or program shall include a rule permitting 2 or more employers with similar risk characteristics, who participate in a loss prevention program or safety group, to pool their premium and loss experience in determining their rate or premium for such participation in the program.

(2) Except to the extent necessary to meet the provisions of subdivision (d) of subsection (1) of this Section, uniformity among companies in any matters within the scope of this Section is neither required nor prohibited.

(Source: P.A. 82-939.)